

# Memorandum



**To:** City Council  
**From:** Ken Coleman  
**Date:** September 2, 2015  
**Re:** Chamber Funding

This memo is formulated in response to the recent Chamber funding request. This topic was initiated by Council members during the development of the 2015 budget. There was concern that the City funds used for the Chamber Visitor Center did not provide full benefit to all businesses within our jurisdiction and other funding options should be considered. Staff recommended the Chamber receive the requested funding and we would work cooperatively with the Chamber to research other possible opportunities.

The primary concern at that time was that all businesses within the City did not have a means for marketing exposure at this point of contact with visitors. Staff did follow up and met several times with Chamber board representatives. Ben Cowan did provide accurate information in email communications with Ryan Johnson. *(ITEM A)* At each meeting the primary purpose of equal business representation and exposure was restated. It is desired that all businesses have equal standing whether they are a current Chamber member or not. The Chamber has made it clear this is not acceptable to their organization.

Three funding options were introduced to the Chamber reps by City staff, including a staff preferred strategy of overall reduction in the sales tax vendor fee retained by businesses. Less favored was an increase in the sales tax license fee. The third alternative was to continue on a Contract for Service basis with annual requests to the City at budget time. One caveat clearly stated on the first two options was the need to solicit widespread support from our local businesses for them to fund the Visitor Center operations.

Ben Cowan and I offered our assistance in conducting this outreach, yet were not accessed for this task. Two subsequent presentations were made to Council by the Chamber board concerning the two new funding alternatives. While the method of outreach in either case was not defined, it seems the sales tax vendor fee reduction was not well received, yet there may have been a modicum of support to raise the sales tax license fee. In either case there was not enough data presented to evaluate the level of support from City sales tax licensed businesses for these approaches.

What was presented by the Chamber Board President was their desire to identify a mechanism to fund the Visitor Center in a sustainable way and it was suggested that the City of Gunnison should be wholly and solely responsible in that effort. While it is agreed that this facility provides an important function, and the City receives value from its operation, benefits are received by others as well. The Visitor Center offers opportunities for people to find many of the amenities within the County realm and even up-valley benefits are achieved through these contacts. Since the Chamber serves first and foremost their membership, referrals benefit those businesses most.

Through CML list serve outreach and direct contacts the following question was posed to other communities.

***The City of Gunnison is exploring funding alternatives for the visitor center, which is operated by the Chamber of Commerce. The City currently funds a portion of the visitor center through a service agreement supported by our General Fund.***

***We would greatly appreciate it if you could answer the following questions:***

- 1) Does your jurisdiction partially fund, wholly fund a visitor center?***
- 2) If so, what is the source of the funding (i.e. unrestricted revenues, a percentage of sales tax, sales tax license fees, business license fees, etc.)***
- 3) How much control does your Council or governing body have over the operations at the visitor center?***

The responses (**ATTACHED**) varied greatly with everything from no support to a dedicated funding stream to help cover the expenses of a local visitor center. The City of Gunnison seems to be in the middle of the pack, yet the greater number of responses show we continue to provide healthy support in comparison to comparable communities.

It seems apparent there are multiple beneficiaries that could come to the table to offer financial support for this worthy effort. The County has provided funding to the Chamber in the past, yet has deferred this expense to the Local Marketing District (LMD) funds via the Tourism Association. In partnership with the City, if both County General Fund and LMD sources were garnered along with a contribution from Chamber members, a collective financing package could offer a solution to fund the Chamber Visitor Center operations.

The City has provided funding from the General Fund for many years and that continued strategy has staff's support. The alternative funding options are not recommended for implementation by staff without the documented strong majority of the business community's support.

If Council wishes to pursue lowering sales tax vendor fees retained by businesses or raise sales tax license fees levied on businesses it is highly recommended that a stringent public outreach/input process be utilized before any action is taken in that regard.

- A direct mailing to 800+ businesses could be a good first step to measure the level of business support for this type of pass-through funding.
- The mailing should be followed by public meetings designed to further gauge and confirm backing for a new Chamber Visitor Center funding method.